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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEB  
Mail Processing  
Section

FEB 28 2008

Washington, DC  
103

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2007 AND ENDING December 31, 2007  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Meridien Financial Group, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

10 Dorrance Street

(No. and Street)

Providence

(City)

R.I.

(State)

02903

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael L. Balasco

401-272-4700

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Batchelor, Frechette, McCrory, Michael & Co.

(Name - if individual, state last, first, middle name)

40 Westminster Street

(Address)

Providence

(City)

R.I.

(State)

02903

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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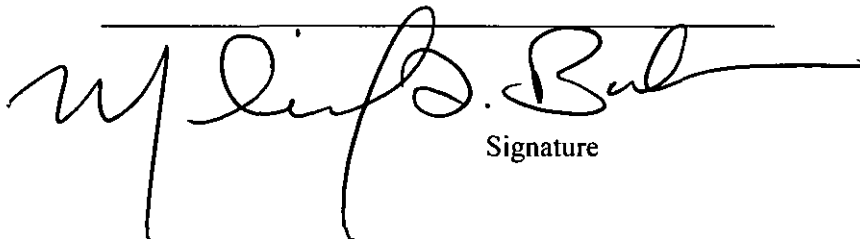
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FINANCIAL

\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

BB  
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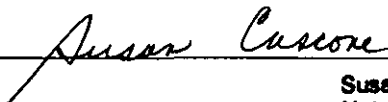
## OATH OR AFFIRMATION

I, **Michael L. Balasco, Principal & President**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Meridien Financial Group, Inc.**, as of **December 31, 2007**, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Signature

Title **PRESIDENT /**  
**Principal**

Notary Public



**Susan Cascone**  
Notary Public  
Commission Expires 06/19/2009

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the  
Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditor's Report on Internal Control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**MERIDIEN FINANCIAL GROUP, INC.**

**STATEMENTS OF FINANCIAL CONDITION**  
**December 31, 2007 and 2006**

ASSETS	2007	2006
Cash and cash equivalents	\$ 145,799	\$ 191,811
Commissions receivable	140,057	64,115
Prepaid expenses	1,712	933
Furniture and office equipment, at cost, less accumulated depreciation 2007 \$44,962; 2006 \$42,565	59,384	39,064
	<u>\$ 346,952</u>	<u>\$ 295,923</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 35,382	\$ 28,382
Commissions payable	131,684	122,626
Income taxes payable	20,347	12,268
	<u>187,413</u>	<u>163,276</u>
 <b>STOCKHOLDERS' EQUITY</b>		
Common stock, no par value; authorized 400 shares; issued 374 shares	20,125	20,125
Additional paid-in capital	41,378	41,378
Retained earnings	98,036	71,144
	<u>159,539</u>	<u>132,647</u>
	<u>\$ 346,952</u>	<u>\$ 295,923</u>

See Notes to Financial Statements

**MERIDIEN FINANCIAL GROUP, INC.**

**STATEMENTS OF INCOME**  
**Years Ended December 31, 2007 and 2006**

	2007	2006
REVENUES	\$ 1,395,719	\$ 1,355,857
EXPENSES		
Compensation costs	908,162	932,466
Secretarial services:		
Affiliate	217,500	108,000
Other	64,575	114,814
Office supplies and expense	61,873	37,065
Depreciation	7,978	8,546
Rent expense	10,800	10,800
Postage and printing	11,424	9,885
Telephone	9,815	8,057
Maintenance	85	799
Travel and entertainment	22,304	14,115
Professional fees	28,769	39,625
Dues, subscriptions and licenses	14,885	9,196
Insurance	12,225	13,459
Management fees	12,000	12,000
Continuing education	12,443	5,199
Contributions	1,950	-
Utilities	1,200	1,200
	<u>1,397,988</u>	<u>1,325,226</u>
Operating income (loss)	(2,269)	30,631
OTHER INCOME (LOSS)		
Interest income	3,107	2,247
Loss on disposal of equipment	(567)	-
Miscellaneous income	35,000	-
	<u>37,540</u>	<u>2,247</u>
Income before income taxes	35,271	32,878
INCOME TAXES	8,379	9,382
Net income	<u>\$ 26,892</u>	<u>\$ 23,496</u>

See Notes to Financial Statements

**MERIDIEN FINANCIAL GROUP, INC.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 2007 and 2006**

	Common Stock	Additional Paid-in Capital	Retained Earnings
Balances at January 1, 2006	\$ 20,125	\$ 41,378	\$ 47,648
Net income	-	-	23,496
Balances at December 31, 2006	<u>\$ 20,125</u>	<u>\$ 41,378</u>	<u>\$ 71,144</u>
Balances at January 1, 2007	\$ 20,125	\$ 41,378	\$ 71,144
Net income	-	-	26,892
Balances at December 31, 2007	<u>\$ 20,125</u>	<u>\$ 41,378</u>	<u>\$ 98,036</u>

See Notes to Financial Statements

**MERIDIEN FINANCIAL GROUP, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 26,892	\$ 23,496
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	7,978	8,546
Changes in assets and liabilities:		
(Increase) decrease in:		
Commissions receivable	(75,942)	80,381
Prepaid expenses	(779)	(448)
Increase (decrease) in:		
Accounts payable	7,000	4,109
Accrued expenses	-	(28,585)
Commissions payable	9,058	(198,808)
Income taxes payable	8,079	(2,063)
Net cash used in operating activities	<u>(17,714)</u>	<u>(113,372)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property and equipment	<u>(28,298)</u>	<u>(27,527)</u>
Net cash used in investing activity	<u>(28,298)</u>	<u>(27,527)</u>
Net decrease in cash and cash equivalents	(46,012)	(140,899)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	191,811	332,710
Ending	<u>\$ 145,799</u>	<u>\$ 191,811</u>

See Notes to Financial Statements

**MERIDIEN FINANCIAL GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007 and 2006**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of business: Meridien Financial Group, Inc. (the Company) is a Rhode Island broker/dealer regulated by the Financial Industry Regulatory Authority and a member of the Securities Investors Protection Corporation. The Company's principal business activity consists of the generation of commission income from the sale of mutual funds, variable life insurance, variable annuities and shares in registered investment companies.

The Company operates under the provisions of Paragraph (k)(1) - Limited business (mutual funds and/or variable annuities only) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule.

A summary of the Company's significant accounting policies follows:

Cash equivalents: For purposes of reporting cash flows, the Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of a money market fund.

Property, equipment and depreciation: Property and equipment are stated at cost. Depreciation is computed using both straight-line and accelerated methods for financial reporting purposes and is based on estimates of useful lives, ranging from 5 to 10 years.

Income taxes: Income taxes are provided for the tax effect of transactions reported in the financial statements and consist of taxes currently due.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. CASH**

The Company maintains its cash accounts in one commercial bank. At times, the amount in the accounts may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

**MERIDIEN FINANCIAL GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007 and 2006**

**Note 3. RELATED PARTY TRANSACTIONS**

The Company rents space from a company affiliated through common ownership on a month-to-month basis. In addition, the Company is charged monthly for administrative services provided by the affiliate.

Amounts charged to expense as a result of transactions with the related party during the years ended December 31, 2007 and 2006 consisted of the following:

	2007	2006
Rent and utilities	\$ 12,000	\$ 12,000
Secretarial services	217,500	108,000
	<u>\$ 229,500</u>	<u>\$ 120,000</u>

In addition, the Company paid commissions and management fees of \$454,387 and \$593,998 to the stockholders of the Company during 2007 and 2006, respectively.

**Note 4. INCOME TAXES**

The components of the income tax provision for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Current		
Federal	\$ 5,049	\$ 5,654
State	3,330	3,728
	<u>\$ 8,379</u>	<u>\$ 9,382</u>

**Note 5. NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provision of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital of \$5,000 or 6 2/3% of total aggregate indebtedness, whichever is greater. In addition, the Company's ratio of aggregate indebtedness to net capital cannot exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2007, the Company had net capital of \$77,070 which was in excess of its required net capital of \$12,494. At December 31, 2006, the Company had net capital of \$80,565 which was in excess of its required net capital of \$10,885. At December 31, 2007 and 2006, the Company's ratio of aggregate indebtedness to net capital was 2.43 to 1 and 2.03 to 1, respectively.





**BATCHELOR  
FRECHETTE  
McCRORY  
MICHAEL & CO.**

CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS CONSULTANTS

Paul D. Frechette  
Edward F. McCrory  
David P. Michael  
Jean Saylor  
George F. Warner  
Michael S. Resnick

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Stockholders  
Meridien Financial Group, Inc.  
Providence, Rhode Island

We have audited the accompanying financial statements of Meridien Financial Group, Inc. as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 20, 2008. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Batchelor Frechette,  
McCrory, Michael & Co.*

Providence, Rhode Island  
February 20, 2008

**MERIDIEN FINANCIAL GROUP, INC.**

**SCHEDULE I**

**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL  
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
December 31, 2007 and 2006**

	2007	2006
<b>AGGREGATE INDEBTEDNESS</b>		
Accounts payable	\$ 35,382	\$ 28,382
Commissions payable	131,684	122,626
Income taxes payable	20,347	12,268
Total aggregate indebtedness	<u>\$ 187,413</u>	<u>\$ 163,276</u>
Minimum required net capital	<u>\$ 12,494</u>	<u>\$ 10,885</u>
<b>NET CAPITAL</b>		
Stockholders' equity	\$ 159,539	\$ 132,647
Deductions:		
Furniture and office equipment, net	59,384	39,064
Prepaid expenses	1,712	933
Nonallowable receivables, 12b-1 fees	21,373	12,085
Net capital	<u>77,070</u>	<u>80,565</u>
Minimum required net capital	12,494	10,885
Capital in excess of minimum requirement	<u>\$ 64,576</u>	<u>\$ 69,680</u>
Ratio of aggregate indebtedness to net capital	<u>2.43 to 1</u>	<u>2.03 to 1</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2007 and 2006)		
Net capital, as reported in the Company's Part II (unaudited) FOCUS report	\$ 77,070	\$ 80,215
Financial statement reclassification	-	350
Net capital per above	<u>\$ 77,070</u>	<u>\$ 80,565</u>
Aggregate indebtedness as reported in Company's Part II (unaudited) FOCUS report	\$ 187,413	\$ 163,626
Financial statement reclassification	-	350
Total aggregate indebtedness	<u>\$ 187,413</u>	<u>\$ 163,276</u>

**MERIDIEN FINANCIAL GROUP, INC.**

**SCHEDULE II**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
December 31, 2007 and 2006**

The Company has been exempt from Rule 15c3-3 under paragraph (k)(1), limited business (mutual funds and/or variable annuities only).

**MERIDIEN FINANCIAL GROUP, INC.**

**SCHEDULE III**

**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER  
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
December 31, 2007 and 2006**

The Company does not handle any customer accounts. Thus, testing of the system and procedures to comply with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities was not applicable.

**MERIDIEN FINANCIAL GROUP, INC.**

**SCHEDULE IV**

**SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR  
CUSTOMERS' REGULATED COMMODITY FUTURES AND OPTIONS ACCOUNTS  
December 31, 2007 and 2006**

SEGREGATION REQUIREMENTS	N/A
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FUNDS ON DEPOSIT IN SEGREGATION	N/A
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